

PROCEDURES CONSIDERED NECESSARY TO FURTHER PURSUE A CSC-CIA INTER-AGENCY AGREEMENT FOR THE MOVEMENT OF EMPLOYEES BETWEEN THE CIA AND THE COMPETITIVE SERVICE

BACKGROUND

Over 85 per cent of Federal employees are under the competitive Civil Service System, which is administered by the CSC. The remaining employees are excepted from this Service, either by statute or administrative action.

Some agencies operate independent systems covering all or certain groups of excepted employees. Examples of such independent systems are CIA, AEC, TVA, Bureau of Medicine and Surgery of the VA, and the Foreign Service of the Department of State.

Prior to 1955, movement of personnel by transfer between the competitive Civil Service and independent personnel systems was not possible, unless the employee under the independent personnel system had previously acquired Civil Service status. In other words, most employees under each of these different systems could be considered for transfer into the other system only in the same way as an applicant from outside of the Federal service.

The second Hoover Commission in its 1955 report on personnel and Civil Service called attention to this situation and recommended that free movement between the competitive Civil Service System and other Federal merit systems be permitted. On 23 January 1955, the President upon recommendation of the Civil Service Commission amended the Civil Service rules to permit this.

A new section (06.7) was added to the Civil Service rules which provides:

"Whenever the Commission and any Federal agency having an established merit system determine it to be in the interest of good administration and consistent with the intent of the civil-service laws and any other applicable laws, they may enter into an agreement prescribing conditions under which persons may be moved from one system to the other and defining the status and tenure that the persons affected shall acquire upon such movement."

Before the Commission could begin to negotiate agreements under the provisions of this rule, it was first necessary to define its terms. For example, there was no universally accepted definition for "an established merit system". It was also necessary to determine when movements of employees would be consistent with the Civil Service and other applicable laws, including the Civil Service and Veterans Preference Acts. The Civil Service Commission developed a definition and criteria under which the independent personnel system could be reviewed to see if an agreement could be worked out. CSC officials point out that they do not expect 100 per cent compliance with these criteria, which are described in Tab A. In summary, the CSC definition of an established merit system and the criteria on which agreement negotiations are based are:

1. A merit system has the fundamental objectives of (a) competence of personnel, (b) stability of staff, and, (c) equality of opportunity.
2. Basic framework of the system is established in written form.
3. The operations of the system conform with the written framework.
4. The system applies that following principles of open competition in filling jobs:
 - a. Reasonable publicity of vacancies.
 - b. Reasonable opportunity for interested persons to apply.
 - c. Realistic standards applied impartially to all applicants.
 - d. Absence of discrimination.
 - e. Selection from among those judged best on the basis of standards.
 - f. Inform applicants of the results of their applications.
 - g. Providing an opportunity to review results.
 - h. That the Veterans Preference Act of 1944 is complied with in selection.

In reviewing proposals from agencies operating under independent personnel systems, the CSC review is concerned primarily with recruitment, selection and advancement features of the personnel program. Matters such as classification, fitness reports, RIF, separation etc., are not considered germane to this purpose.

PREVIOUS AGENCY DISCUSSIONS WITH CSC REGARDING PROSPECTIVE AGREEMENT

Agency officials first explored the possibility of negotiating a CSC-CIA Inter-Agency agreement on 12 March 1957, in a meeting attended by D/Pers, DD/Pers, ExO/P and Mr. John Macy, then Executive Director of the CSC. At that meeting, Mr. Macy indicated that the AEC had recently worked out an agreement with the CSC and suggested that CIA officials explore the possibility of negotiating a similar agreement.

In early 1958, D/Pers discussed in general terms the Agency's surplus problem with the CSC Commissioners, Mr. Warren Irons (CSC Executive Director) and Mr. Roco Siciliano (Personnel Adviser to the President). To assist in dealing with the surplus problem, Mr. Siciliano suggested that the Agency enter into an agreement with the CSC along the lines similar to the inter-change agreement which was negotiated by the CSC and AEC. Career Council members discussed this proposal several times, but did not appear to arrive at any unanimity of opinion or final vote regarding specific action.

On 15 January 1960, ExO/P and Mr. [] discussed informally with CSC officials the requirements CIA would have to meet if it were to seek an official interchange agreement. At this meeting the CSC officials reiterated the general criteria and indicated that the CSC would probably agree (if CIA proposed) that the principle of veterans preference as a selection factor

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should not be observed at all due to the nature of the mission of CIA, *complex*

with the fact that VP had dropped an agreement some time ago. It is not valid data.

CSC procedures provide that after the CSC reviews the independent personnel system and finds that it ~~subsequently~~ ^{substantially} meets the criteria, they prepare a draft agreement accompanied by an analysis in relation to the criteria of merit. This draft agreement is then submitted to the CSC's Executive Director through appropriate CSC channels including their General Counsel's Office. After the draft agreement is cleared within the CSC, it is then referred to the interested Agency with the comment that the CSC is willing to recommend its adoption if the requesting Agency wishes to request it officially.

Description of CIA's Employment System and Comparison Against CSC Criteria

a. A brief explanation of the overall CIA Personnel Program together with a more detailed description of its recruitment, selection and advancement processes, is provided in TAB-B. It is considered desirable to provide this information in a separate attachment since any future negotiation on a CSC-CIA Interagency agreement will require that this information be made available to CSC officials. It is suggested that the TAB-B material be reviewed prior to reading the following discussion on the relationship of the CIA employment system to the CSC criteria of merit.

b. Relationship of the CIA employment System to CSC Criteria of Merit.

(1) Since established by the National Security Act of 1947, the CIA has gained a reputation for effective personnel administration, free from political influence. Although the machinery established to carry out its personnel policies differs somewhat from the usual merit system procedures, there have been few criticisms of its personnel operations. In fact, since 1951 when the Director of CIA (General Smith) first

introduced the career service concept in the Agency, the CIA career council probably has devoted more time and effort of its top executives to the personnel function than any other component of government. CIA's programs have been reviewed on several occasions by various investigative committees and in no instance has any serious criticism been directed against their personnel policies.

2. In terms of basic merit systems objectives, i.e. (a) Competence of personnel, (b) Stability of Staff, and (c) Equality of opportunity, the CIA employment system has worked effectively in both the recruitment, selection, and retention of all able staff on a merit basis and in the exclusion of discrimination on political, racial, religious and national origin grounds. In the 14 years of its existence there have been only _____ appeals from persons who believed they were discriminated against on employment grounds.

3. In terms of adhering to the principle of open competition, the following comments apply.

(a) Publicity of vacancies. CIA conducts a positive recruiting program, based on its personal needs, over as wide a geographical area as necessary to assure a supply of well qualified candidates. The Agency utilizes the majority of publicity media, consistent with good security practices, in making known its needs.

(b) Opportunity to apply. Any interested person may apply at any time for employment and receive consideration for all CIA jobs for which he is qualified. This should however, be incorporated into a policy statement.

(c) Equal and impartial application of realistic and reasonably valid standards of competence and fitness. All candidates are evaluated

in relation to the qualification standards based on merit and fitness for a particular position. This process consists primarily of competitive appraisals of the candidates' qualifications in relation to the job requirements. As described in TAB-B, job requirements are determined by the individual career services. For example, if one career service demanded mobility in an employee to the extent of going overseas every 4 or 5 years to undetermined locations, this would be a very definite requirement of the job. It is conceivable that the same job in another career service would not have this mobility requirement. Therefore, job requirements for basically similar jobs do vary from one career service to another. With reference to this general area, the Agency has, over the past three years, conducted a comprehensive study of ways and means of more effectively coding the qualifications of both employees and applicants, including the feasibility of utilizing the RCA 501 computer.

When the newly approved qualifications coding system becomes operational in approximately one years time, refined procedures shall be worked out with the twelve heads of career services, whereby the specific requirements for the substantive jobs in their areas be more discreetly identified than they are at present. A suggested approach would be to divide these jobs into major occupational groups and sub-groups, and then have a special machine run of all employees and applicants who qualify under the updated criteria. New applicants could be added as they were found qualified. In the event of a vacancy the Head of a Career Service could then have readily available a current listing of all those who are qualified. Evaluation Panels currently used to assess promotions could also function to preliminarily select on a more formalistic merit basis, those who were best qualified. In the early years of

growth and expansion the Agency really did not have any problems in this regard since the number of vacancies generally always exceeded the number of qualified applicants. With the future representing somewhat the opposite trend, it is fitting that we should use the new qualifications coding system as a modern management tool to sharpen up our merit selection processes. New rules should be incorporated in proposed personnel regulation

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[] Applicant Review Panel, which has not yet been published.

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4. Absence of Discrimination. CIA policy as prescribed in [] Employment Policy and Procedures under E.O. 10590, as revised on 15 September 1961, prohibit discrimination on the basis of politics, race, religion, or national origin. Since a revised personnel regulations system provide for a specific regulation on Recruitment, [] this should incorporate the basic points in E.O. 10590, together with our practice of maintaining resident recruitment officers.

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5. Knowledge of Results. Applicants are notified on the result of their application. In fact, due to our long processing period, interim letters are also sent out to those who have been initially selected for a job.

6. Right to Administrative Review. Since applicants do not know what consideration was given to their applications they have no basis for requesting an administrative review. In this respect, CIA does not comply with the principles of open competition, nor does it seem practical, in view of its sensitive mission, that it ever could.

7. Veterans Preference. CIA does not adhere to the Veterans Preference Act insofar as initial selection is concerned. As indicated in TAB-B, however, this is considered statutorily permissible. Also, CSC indicated it would probably go along with CIA on this practice.

Recommendations and Specific Actions Deemed Necessary to Expedite the
CSC-CIA Interagency Agreement.

Overall, CIA appears to be in excellent condition to pursue a CSC-CIA agreement. During the brief 14 years of existence, the only period of heavy hiring was at the height of the Korean war period, when, generally speaking, the number of vacancies frequently exceeded the number of qualified applicants.

In consideration of the sensitivity of the Agency's mission, the special personnel hiring authority present in PL 110, specific exemption and exclusion from many Executive Orders, CSC directives, etc., plus the major effort the Agency has made since 1951 to develop and implement a sound and meritorious personnel program tailored to its specific needs, all argue in favor of an acute consciousness on the Agency's part in developing a fair, equitable and just personnel program.

It is believed that CIA's current personnel procedures in the area of recruitment, selection and advancement would be acceptable to the CSC. Perhaps the one major point on which some opposition could be expected is in regard to not following the Veterans Preference Act. This, however, they have already indicated they would go along with us.

The only other area we could sharpen up our procedures is in the selection area. Specific suggestions here are:

Have the Personnel Officers in the major Career Services (with the assistance of SWD) firm up abbreviated statements of job duties,

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together with the major job requirements for the substantive jobs in their career areas. All of this information could be put on one sheet for each discrete job. SWD has fairly current job duty descriptions for most Agency jobs. The qualifications statements are less formally identified and the major effort required here would be to add the qualifications data. This would provide in one handy document both the major job duties together with the most significant qualifications requirements of the job. Not only would this streamline internal management but it would also serve as evidence to any external reviewer that we have recorded this important information in writing. If not already coded into the newly developed qualifications coding system, this information could easily be incorporated therein.

We could develop a more refined merit selection program by requiring that CSSB rate all eligible applicants for a vacancy into one of three categories:

Outstanding
Well-Qualified
Qualified

After the QAB system becomes fully operative, it could easily provide lists of both Agency employees and applicants who are qualified for the vacancy or vacancies. Added to this would be the current files which would flow in from the field recruiters. CSSB could review them and rate all eligibles into one of the three categories as mentioned above. The number of candidates CSSB would certify in each category

would not be fixed but would be determined by them with primary consideration given to:

The specificity of the job requirements in relation to the data available concerning the candidates.

The need to give discretion to the Head of the Career Service or operating component.

Availability of qualified candidates.

The Head of the Career Service or operating component then makes his selection from among the candidates certified to him. After reviewing the candidates certified to him, may may either (1) select a present employee of CIA or (2) select from among previous or present applicants. A critical point here is whether to require an explanation if a candidate in a lower category were selected in favor of one in a higher category.

TAB

February 6, 1956

MERIT SYSTEM STANDARDS FOR THE PURPOSE OF INTERCHANGE
BETWEEN ESTABLISHED MERIT SYSTEMS IN THE FEDERAL SERVICE

INTRODUCTION

Section 06.7 of the Rules provides:

"Whenever the Commission and any Federal agency having an established merit system determine it to be in the interest of good administration and consistent with the intent of the civil-service laws and any other applicable laws, they may enter into an agreement prescribing conditions under which persons may be moved from one system to the other and defining the status and tenure that the persons affected shall acquire upon such movement."

Before any definitive negotiations may be conducted with agencies having independent personnel systems in the Executive branch to conclude interchange agreements under the terms of Section 06.7, we must be in a position to know whether such agreements will meet the terms and conditions of this section. It is necessary as the first step, therefore, that the Commission establish definitions of the terms and conditions of Section 06.7 of the Rules and criteria for determining when interchange agreements would meet these conditions. These definitions and criteria should be tentative at this stage so that they may be tested in practice against the actual operations of independent personnel systems to insure that they are practical and realistic. The purpose of this memorandum is to propose such tentative definitions and criteria to be used as a basis for first-hand study and evaluation of the independent personnel systems that currently exist in the Executive branch or that may be established in the future. The tentative definitions and criteria would then be modified as necessary and used as a basis for conducting negotiations and concluding specific agreements with appropriate agencies.

WHAT ARE THE CONDITIONS OF SECTION 06.7?

Section 06.7 established the following conditions for interchange of employees between the competitive system and other Federal employment system:

1. The other Federal agency must have an established merit system outside the competitive civil service.
2. There must be mutual agreement between the Commission and the agency that interchange of personnel between the independent system and the competitive service would be:
 - (a) in the interest of good administration
 - (b) consistent with the intent of the civil service laws
 - (c) consistent with the intent of any other applicable laws

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3. The Commission and the agency must enter into an agreement prescribing the conditions of interchange and the status and tenure accorded to persons so transferred.

DISCUSSION

In this section we discuss each of these terms and conditions and propose a tentative definition of them.

1. "Established merit system"

This term involves two concepts; (a) what is a merit system, and (b) when is a merit system established. We discuss each separately:

- a. What is a merit system?

- (1) Lack of commonly accepted definition

The term merit system is often used but rarely defined. A study of the literature in the field of public personnel administration shows that no commonly accepted definition of the term exists.

Common agreement also does not exist as to just what aspects of personnel management are covered within the term. At one extreme the "Standards for a Merit System of Personnel Administration" developed and administered by the Division of State Merit Systems Services of the Department of Health, Education and Welfare to carry out the "merit system" provisions of Federal statutes relating to grant-in-aid programs cover:

- a. prohibition of discrimination;
- b. limitation on political activity;
- c. classification plan;
- d. compensation plan;
- e. recruitment and appointment;
- f. promotions;
- g. furloughs and separations;
- h. service ratings; and
- i. personnel records and reports.

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At the other extreme, the term merit system as it was used at the time of the enactment of the Civil Service Act in 1883 was virtually limited to initial entry into positions covered by the Act.

(2) Merit versus career systems

Another element of confusion occurs through the frequent use of the term "career service" or "career system" as synonymous with merit system. The essential attributes of a career system, as we see it, are that employees begin employment at relatively lower levels of responsibility and pay, tend to make a life's work of employment in the system, rise to higher positions and greater responsibility, and eventually retire with a pension usually earned through a staff retirement system. While merit systems often tend to become career systems, we do not believe that all career systems are merit systems, particularly when initial entry is not based on the application of merit principles.

(3) Relation of the term "merit system" to Section 06.7

For the purpose of accomplishing the objective of Section 06.7 of the rules we do not believe that it is necessary to adopt a definition that will have universal acceptance and validity for all purposes. We are concerned rather with arriving at a definition which will foster the principles basic to both the merit system in the competitive civil service and the systems established in any other agency with which interchange might be arranged. To achieve this objective, we believe that our definition should relate primarily to the recruitment, selection, and advancement of personnel. Matters such as classification and compensation, service or performance ratings, reductions in force, etc., are not germane to this purpose.

We also believe that our definition must be expressed in terms of objectives rather than process or procedure. Any process which achieves the objectives must be acceptable. Otherwise, we will fall into the trap of excluding all systems which differ from our own in the mechanisms employed.

(4) Proposed definition

On the basis of these considerations, we propose the following definition of merit system, for the purpose of Section 06.7 of the Rules:

"A merit system, as the term is used in Section 06.7 of the Civil Rules, is a personnel system which has as its objectives:

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- "a. Securing the best qualified available personnel for particular jobs or for entrance into a career in the system;
- "b. Securing a stable body of employees dedicated to carrying out the policies established by officials responsible for policy formulation; and
- "c. Providing substantially equal opportunity for all interested citizens to be considered for employment without discrimination based on racial, political, religious or other grounds."

Securing the best qualified personnel, either to do a particular job or to enter a career, is essential to a system based on competence and ability. Also, political neutrality is a necessity in our form of government in order to preserve the career aspects of a merit system while changes occur in political leadership. Finally, equality of opportunity is one of the essential rights in a democracy. It constitutes the primary difference between private employment systems and the public service. In a democracy, any citizen has a right to be considered for employment by his government on the basis of his ability and competence, without regard to discrimination on political, racial, religious or other grounds.

b. When is a merit system "established"?

We believe that the term established as used in Section 06.7 refers to two considerations. First, a framework for a system which is designed to meet the objectives defined above must be embodied in law, rule, regulation, or instruction that form guideposts for action. Second, day-to-day operations under the system must in practice accord with the principles embodied in this framework.

2. "In the interest of good administration"

The significance of this term needs little amplification. When interchange of employees between personnel systems would tend to improve personnel management it is obviously in the interest of good administration. Interchange, in our opinion, would generally work in this direction through better recruitment incentives, broader career opportunities, etc.

3. "Consistent with the intent of the civil service laws"

The principal civil service law with which we are concerned is the Civil Service Act of 1883. The general intent of this law is to establish the framework for open, competitive entrance to those positions which are brought under its coverage.

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The Civil Service Act gives the Civil Service Commissioners the responsibility of aiding the President in preparing suitable rules for carrying the act into effect. It sets forth guides for what the rules should contain, "as nearly as the conditions of good administration will warrant." It sets forth the basis merit principles for the civil service system. The fundamental ones are:

- a. "Open, competitive examinations";
- b. "These examinations shall be practical and "so far as may be, shall relate to those matters which will fairly test the relative capacity and fitness of the persons examined to discharge the duties of the service into which they seek to be appointed";
- c. Ranking of competitive and "selections according to grade from among those graded highest" in such examinations;
- d. Prohibition against political influence; and
- e. "Non-competitive examinations in all proper cases where it is not feasible to hold competitive examinations."

The principles or requirements listed in the Act are in harmony with the primary objectives which we have proposed as a basic definition for the term merit system for the purposes of Section 06.7. They include considerations of testing for competence, political neutrality in official actions, equal opportunity for citizens to be considered, and absence of discrimination.

The Civil Service rules and regulations, and the Commission's instructions, have defined in specific and procedural terms the machinery by which the principles are to be carried out. For the purpose of interchange under the terms of Section 06.7 consistency with the intent of the Civil Service Act is consistency with the general principles embodied in the act rather than with the specific procedures or processes that have developed within the regulatory and structural framework that has grown up under the act.

The central concept of the Civil Service Act, as we see it, is epitomized by the term "open competitive examination." This term has within it what we believe to be essential elements. These elements include:

a. Publicity

For an examination to be truly open, there must be a reasonable amount of information made available to citizens about the existence of vacancies. If not, the basic principle for the equality of opportunity will not be achieved.

b. Opportunity to apply

Interested persons who have learned of the vacancy must have a reasonable opportunity to make known their availability for consideration. This is also essential if an examination is to be truly open.

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- c. Equal and impartial application of realistic and reasonably valid standards of competence and fitness.

The process of examination must involve the measurement of individuals against a standard which can be applied to all. It is obviously not a fair test if different standards are applied to different persons for the same position or career.

- d. Absence of discrimination

The standards applied must not relate to factor other than competence and fitness and should not include any requirement of political clearance or political test, or any forms of racial, religious or other kinds of discrimination.

- e. Selection from among those considered most competent on the basis of the standards

The essence of competition implies the ranking of candidates in order of relative evaluation of their competence and a selection from among those considered most competent.

- f. Knowledge of the results

The citizen who applies should be able to learn the consideration that was given to his application. This is necessary to insure public confidence in the system and as good practice in the relation of government to its citizens.

- g. Entitlement to administrative review

The applicant should have an opportunity to request and receive a review of the results if he believes that the system has not been properly applied in his case. This is necessary as a safeguard against administrative error and to assure that the entire process is truly open and competitive.

4. Consistent with the intent of "other applicable laws"

We also view the applicability of other laws as being limited by the purpose of Section 06.7. Therefore, laws relating to such aspects of Federal personnel management as retirement, classification and compensation, separation, performance rating, etc., are not considered germane to this discussion.

The one major statute, in addition to the Civil Service Act, which requires attention, as we see it, is the Veterans' Preference Act of 1944. The provisions of this Act with which we are specifically concerned are those relating to the initial appointment of personnel.

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Practically all Federal agencies which have positions outside the competitive service are covered by the provisions of the Veterans' Preference Act, by Part 21 of the Civil Service Regulations, or by special agreements under the terms of these regulations, except for certain positions which are specifically excluded under its terms.

Therefore, since the agencies having independent personnel systems are already covered by the terms of the Act itself and by appropriate regulations, we can assume that interchange between such systems and the competitive civil service will be generally consistent with the intent of the Veterans' Preference Act in so far as Section 06.7 is concerned.

5. Status and Tenure.

Section 06.7 requires that an agreement under its terms shall prescribe the conditions of the interchange and the status and tenure to be given to persons transferred under such agreement. We know what type of status and tenure person moving into the competitive system would obtain. They would receive full status and tenure on the same basis as employees entering the competitive service through open examinations. Dependent upon their length of service, completion of probationary period, etc., they would receive either career or ~~career~~-conditional appointment. Their tenure would depend upon the type of appointment given. Thereafter, they would be entitled to the same privileges of non-competitive movement accorded to employees originally hired under the competitive civil service.

The status and tenure that would accrue to employees of the competitive service who move to independent merit systems would depend upon the status and tenure provisions of the particular system involved. The interchange agreement would have to specify the conditions that would apply.

SUMMARY

A summary of the above discussion provided a set of standards or criteria applicable to any Federal independent merit system for the purpose of determining whether interchange of personnel between that system and the competitive civil service should occur under the authority of Section 06.7 of the rules. We have divided the summary into three parts: (1) a summary listing of these tentative criteria; (2) a statement of our approach in applying the criteria; and (3) a discussion of other conditions set forth in Section 06.7.

A. Tentative criteria

We propose that the following criteria be applied on a tentative basis for determining whether the personnel systems in given agencies meet the conditions of Section 06.7 of the civil service rules.

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1. The independent personnel system must be designed to achieve and in practice tend to achieve the following general objectives:
 - a. Securing the best qualified available personnel, either for particular jobs or for entrance into a career in the system;
 - b. Securing a stable body of employees dedicated to carrying out the policies established by officials responsible for policy formulation; and
 - c. Providing a substantially equal opportunity for all interested citizens to be considered for employment without discrimination based on political, racial, religious, or other grounds.
2. The basic framework of the system must be established through law, rules, regulations or instructions in written form.
3. Actual operations under the system must accord with the framework established.
4. In the filling of positions under the system the following principles of open competition must be applied:
 - a. Publicity must be given so that a reasonable amount of information is made available to citizens about the existence of vacancies.
 - b. Interested persons who have learned of the vacancy must have a reasonable opportunity to make known their availability for consideration.
 - c. Realistic and reasonably valid standards of competence and fitness must be applied impartially to all persons who make themselves available.
 - d. The standards must contain no test which constitutes discrimination based on factors other than competence and fitness. This includes the absence of any political test or political clearance of applicants.
 - e. Selection must be from among those determined on the basis of the standards to be most competent.
 - f. Each applicant should be able to learn what consideration was given to his application.
 - g. Each applicant should have an opportunity to request and receive an administrative review of the consideration given to his application.

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5. Procedures must be followed under which person entitled to preference under the Veterans Preference Act of 1941 are accorded the preference required in selection and so that preference applicants have an opportunity to ascertain how their preference was applied.

B. Approach to applying the criteria

The key to our approach is found in certain language in the Civil Service Act. That act uses such language as "as nearly as the conditions of good administration will warrant", "so far as may be," etc. This implies a test of reasonableness, of administrative feasibility, and practicality. Thus it is reasonable under certain circumstances to limit publicity or acceptance of applications to given geographic areas, to establish minimum age limits, to set physical standards, and to apply other limitations to the general principle of full open competition. The tentative criteria, therefore, must be applied within this general spirit.

Another important factor to be considered is that of overriding public policy. For example, public policy has established the principle of veterans preference in employment. While this principle adds a test other than competence to the examination and ranking of candidates, its establishment as an overriding expression of public policy requires that it be admitted within the merit system concept. Similarly, residence requirements for certain positions, apportionment requirements such as those in the Civil Service Act, etc., are also applications of the principle of public policy.

The criteria which we propose, therefore, must always be viewed in the light of these general considerations.

C. Other conditions established in Section 06.7 not covered under the above criteria

The criteria listed in part "A" of the summary cover our proposed definition of "established merit system" and "consistency with the intent of the civil service laws and other applicable laws." The other conditions, including mutual agreement that interchange would be in the interest of good administration and that the specific conditions of agreements and the kinds of status and tenure accorded, must be developed as part of individual negotiations once it is determined that the criteria are met and that the agency and the commission mutually believe that an interchange agreement is practical and desirable.

TAB

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TAB B

THE EMPLOYMENT SYSTEM OF THE CENTRAL INTELLIGENCE AGENCY

1. What the Central Intelligence Agency is:

The Central Intelligence Agency was established under the National Security Council by the National Security Act of 1947. Its primary purpose is to advise the National Security Council in matters concerning the evaluation, correlation and coordination of intelligence activities of the departments and agencies of the Government as relate to the national security. It also performs for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally.

2. Types of Personnel Employed:

CIA employs predominantly staff type or "white collar" employees. These are compensated under the GS-pay scale. It employs a small percentage of "blue collar" or wage board employees who are compensated under several types of wage board systems, e.g., Army, Air Force, Lithographic, GPO, etc. CIA also employs personnel under individual contracts in which the conditions of employment, rights, privileges and responsibilities are clearly spelled out.

3. Basic Personnel and Employment Policy:

The basic personnel program of CIA is administered primarily through the framework of the CIA Career Council and the Career Services.

Headquarters Personnel Regulation dated 15 September 1961,

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identifies in paragraph 3b, twelve Heads of Career Services. These Heads of Career Services are also chiefs of the Agency's major organizational components and as such supervise practically all of the Agency's personnel. The regulation quoted specifically assigns to these Heads of Career Services responsibility for monitoring the application and functioning of the Agency's personnel program as it relates to members of their Career Service. The basic policy followed by the Agency is one of substantial decentralization of the personnel function to the Heads of Career Services particularly in the areas of initial appointment, assignment, promotion and separation. Generally speaking, these Career Services correspond to broad functional groupings, e.g., intelligence collecting, intelligence production, communications, logistics, budget and fiscal, legal, medical, etc. Many of the Career Services have global problems in staffing large numbers of overseas locations. Others are confined almost exclusively to Headquarters operations. This situation necessarily dictated a broad personnel policy which permitted variations in procedures, standards and criteria in terms of best meeting the needs of the individual career service.

4. Appointment on the basis of merit:

- a. Section 10(a) of Public Law 110, The Central Intelligence Agency Act of 1949, dated 20 June 1949, as amended, is used as the statutory authority for making personnel appointments in CIA.
- b. The CIA has recently adopted an appointment system for its

employees that is analogous to the career-conditional appointment system in the competitive service. The appointment system provides for the following breakdown:

STAFF PERSONNEL

Career Employees

Career-provisional Employees

Reserve Employees

Temporary Employees

NON-STAFF PERSONNEL

Contract Personnel

Consultants

Detailed Personnel

Persons hired for career or continuing positions are given a career-provisional appointment which is usually convertible to a career appointment after three years of satisfactory service. Reserve appointments are used for those who will serve for more than one year but not to exceed five. Temporary appointments are for one year or less. Categories in the non-staff group are self-explanatory.

- c. In Headquarters Personnel Regulation Employment Policy and Procedures under Executive Order 10590, dated 15 September 1961, CIA endorses the overall Government employment policy which provides that equal opportunity be afforded to all qualified persons, consistent with law, for employment in the Federal Government. This policy necessarily excludes and prohibits discrimination against any employee or applicant because of race, color, religion or national origin.
- d. In implementing the employment policy as described in Executive

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Order 10590, CIA must give due consideration to the fact that the National Security Act of 1947, as amended, and the Central Intelligence Agency Act of 1949, as amended, provide that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure.

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Also, paragraph b(2) of Regulations Under Executive Order No. 10450, as amended, Relating to Security Requirements for Employment, dated 15 September 1961, provides that all positions in the CIA are hereby designated as sensitive positions within the meaning of Section 3(d) of E.O. 10450. Such sensitivity is based on the fact that occupants of these positions can bring about, through the nature of their positions, a material adverse effect on the national security. With reference to these security considerations, CIA is absolved from many requirements of Public Laws, Executive Orders, CSC Directives, etc., which require disclosure of numbers and/or types of personnel employed.

- e. In terms of daily operating practice, any interested person may apply for a job. CIA attempts to fill each job on the merit principle by selecting the best qualified individual on the basis of carefully screened requirements for the position. Very briefly, to give effect to this operating policy, the Agency has resident personnel recruitment officers permanently stationed in the various metropolitan locations of the United States. These recruitment specialists are responsible for referring qualified candidates for professional, technical, administrative and clerical vacancies. Such referrals, par-

ticularly for professional positions, are normally made in response to recruitment requests from one of the Agency's operating components. Prior to being released to the field recruiters, all recruitment requests are carefully scrutinized by the central Personnel Office to ensure that CIA employees get first consideration. The Agency has machine coded the qualifications of most of its employees as well as a large percentage of applicants. Coding of both employee and applicant qualifications has been done primarily in terms of a person's qualifications for Agency jobs which are divided into 21 major occupational groups. If the review by the Central Personnel Office does not disclose a qualified person on board, the personnel requirement is then matched to the qualifications of former applicants who have applied ^{for} ~~on~~ a position. If no suitable applicant is found, it is then passed on to the field recruiters. Within the limits of good security practices, these field recruiters publicize to the maximum extent possible opportunities for employment in the Agency. Methods of publicizing include newspaper advertizing, recruiting visits to schools and colleges, distribution of Agency employment brochures to likely points of interest, frequent liaison with local city, State and Federal government units, colleges and universities, etc.

- f. After interviewing and/or testing of job applicants, field recruiters recommend selected candidates. The recruiter normally

prepares a detailed interview report on each individual he interviews and recommends. This report endeavors to assess the applicant primarily from a qualifications and overall suitability point of view. He also forwards to the central office papers on many of the cases which he rejects. Both types are reviewed by the central personnel office and usually only recommended candidates are referred on to the Head of the Career Service or operating component who has the vacancy. This is actually the point in the Agency where the decision on initial appointment is made (except for clericals who are hired by the Personnel Office). In some cases the operating official's decision to hire may be made on the basis of a review of the PHS plus the report of interview. In other cases, the line official may want to interview the applicant in which case he would be invited in for an interview. If it is decided to hire the applicant, central personnel rechecks such items as qualifications, grade of slot, ceiling authorization, etc., prior to advising the applicant by correspondence that he has been selected for a specific position subject to security background investigation and medical examination. Unsuccessful applicants are also notified and their qualifications are coded for future reference. Should an applicant be turned down for other than a qualifications reason, he may request and get an explanatory interview from

either the security or medical offices whichever vetoed his employability.

- g. In contrast to soliciting applicants for specific positions, e.g., economist, biologist, chemist, engineer, etc., the Agency also endeavors to hire approximately 125 junior officer trainee individuals each year. Upon selection, these individuals are given a full year of training in various phases of intelligence work prior to being assigned to a given office or career service. The majority of these people are obtained from the colleges and to assist in identifying the more promising students, the Agency maintains agreements with a number of senior key faculty members in various universities and colleges. These consultants also serve without compensation except for travel expenses and a fee for time spent when they attend biennial conferences of several days duration. Over the years, they have gained a fair amount of knowledge of CIA's job and career opportunities and are equipped to answer many questions from interested college seniors. In addition, CIA furnishes recruitment brochures to those schools which further publicize Agency employment opportunities.
- h. The factor of veterans preference is not followed in CIA insofar as initial selection is concerned except for selected groups of positions e.g., guards, couriers, etc. CIA's appointing authority (Section 10(a)(1) of PL 110) authorizes expendi-

ture of appropriations for personal services "notwithstanding any other provision of law". This provision actually constitutes the statutory basis for exempting the Agency from compliance, insofar as initial appointment or selection is concerned from the Veterans Preference Act of 1944.

5. Advancement Features of the CIA Personnel Program:

- a. Although the CIA is a comparatively young Federal agency, it has demonstrated considerable personnel leadership in the area of developing early in its formative year a competitive promotion program. This program was first promulgated by Regulation Competitive Promotion, on 29 November 1956. The significant policy features of this program are:
- (1) Each Career Service comprises a competitive area for promotion for members of that Service. The Head of a Career Service may establish separate areas of competition within that Service when necessary because of differences of occupational or functional lines of work performed by its personnel.
 - (2) The promotion of employees is based on competitive evaluation of their performance, qualifications, length of service, and value to the Agency.
 - (3) Promotions are limited to one grade advancement.
 - (4) An employee may be promoted above the grade of the position to which he is presently assigned providing continued

assignment to that position is required for a designated period of time.

- (5) All employees within a given cover service area who are eligible for promotion must be considered at least once annually.
- b. In implementing this promotion policy, Heads of Career Services usually appoint promotion evaluation panels which competitively evaluate all eligibles and make their recommendations to the Head of the Career Service who makes the final decisions on the promotion of members of his Career Service.